

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1759 - HB 1743

February 10, 2014

SUMMARY OF BILL: Adds propane powered vehicles to the list of energy efficient vehicles that may be purchased by the state according to the provisions of the Energy Independence Act of 2013. Additionally, propane fueling infrastructure will be included in the list of properties eligible to receive tax credits as certified green energy production facilities.

ESTIMATED FISCAL IMPACT:

Decrease Local Revenue – Exceeds \$100,000

Assumptions:

- Including propane powered vehicles as a type of vehicle authorized for purchase by the state as part of the Energy Independence Act is estimated to be not significant. This is based on the assumption the state will purchase traditional gas-powered vehicles if propane-powered vehicles are more costly vehicles.
- Adding propane based fueling facilities to the types of property eligible to be certified as green energy production facilities will render such facilities eligible for the pollution control tax credit. This will allow any such property to be assessed local tangible personal property tax based on a lower salvage value rather than on the higher value for which assessments are made under current law.
- The fiscal impact associated with the pollution control tax credits is dependent upon several unknown factors, such as the number of properties that will qualify as certified green energy production facilities under this bill, the extent of assessed property values for qualified facilities under current law, and the extent of assessed salvage values for qualified facilities under the provisions of the bill. Given the extent of unknown factors, determining a precise impact to local government revenue which is derived from the tangible personal property tax is difficult; however, the recurring decrease in local government revenue is reasonably estimated to exceed \$100,000 per year statewide.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/cce